

# Atlantic Coast Pipeline

## 1. What benefits will be realized by having the pipeline in Eastern NC?

**Consumer savings:** ICF International estimates that NC consumers will save \$134 million annually with the delivery of new supplies of gas to this currently constrained region. As anchor tenants are connected, economics become more favorable for residential and other customers in the region. For residential customers who currently use propane, a switch to natural gas is expected to result in an annual savings of \$500 to \$700.

**Reliability:** North Carolina's only interstate natural gas transmission pipeline is located hundreds of miles to the west of the proposed ACP route. NC utilities are overly reliant on a single interstate transmission pipeline to serve the entire state. A second interstate natural gas pipeline will provide diversity in fuel source and increased reliability and resiliency for our customers.

**Energy security:** Natural gas can secure our energy future. Diversifying domestic energy sources is an important strategy in protecting our energy future and maintaining energy independence. ACP will add low-cost natural gas to our diverse energy portfolio and decrease our nation's dependence on imported fuel.

**Cleaner air:** As coal-fired power is replaced by natural gas-fired power and renewables, the region will enjoy cleaner air since natural gas produces half the emissions of coal.

**A bridge to more renewable energy:** Natural gas-fired power generation is vital to ensuring that we can continue to expand the use of intermittent renewables such as solar. The gas-fueled generation provides dependable electric service around the clock.

**Local tax revenue:** NC counties on the route will receive nearly \$7.7 million annually in local property tax once the pipeline is fully operational.

## 2. If the ACP is not approved, who will be responsible for paying the sunk costs that have been accrued thus far on the project?

If ACP is not approved, the lost opportunity costs for North Carolina would dwarf the sunk costs that the shareholders of Dominion Energy, Duke Energy and Southern Company Gas would absorb. Over the first two decades of the ACP's operation, the pipeline is expected to stimulate \$1.2 billion in capital investment in North Carolina. That investment would be lost, along with millions of dollars in annual property tax revenue for North Carolina counties at a time when many local governments are challenged to fund schools and provide essential services.

In addition, Eastern North Carolina will have a much tougher time catching up to the traditionally more prosperous areas in our state, like Charlotte and Raleigh, that have benefitted for many years by closer proximity to the Transco gas transmission line.

Disapproving the project would also send a message to companies inside and out of North Carolina that the business climate in the state is uncertain. It would hurt the state's ability to attract new companies.

Consumers will also not be able to realize the more than \$100 million in annual average energy cost savings that are projected with this pipeline.

**3. Is the need for the ACP in any way a result of Duke Energy shuttering coal-fired plants?**

Yes. Duke Energy has closed half of its older coal plants in North Carolina, investing in renewables and cleaner natural gas generation, including seven new, highly efficient combined-cycle natural gas plants since 2008. Today, natural gas provides 28 percent of the electricity Duke Energy produces. Over the next 10 years, the company's investments in cleaner energy will help reduce carbon emissions 40 percent by 2030, compared to 2005 levels.

North Carolina's population is growing, the economy is diversifying and many communities along the route are trying to attract new energy-intensive industries. When opponents cite the pipeline isn't needed because of flat demand, they ignore Duke Energy's coal plant retirements, and the company's need to replace that generation with clean, low-cost, and highly-efficient natural gas facilities that will benefit customers. Total natural gas demand on our region is estimated to rise at 3.5 percent annually, increasing nearly 165 percent from 2010 to 2035. The region's existing pipeline infrastructure is fully tapped and unable to meet future energy needs.

**4. What percentage of the ACP capacity will be used to generate energy?**

An important point to remember is that ACP is almost fully subscribed, which clearly demonstrates the project's viability and need.

Approximately 80 percent of the natural gas from ACP is anticipated to be used to generate power for electric customers in NC and VA. Duke Energy has contracted for 48 percent of the line's capacity. Dominion Energy Virginia Power has contracted for 20 percent.

In North Carolina, Duke Energy is essentially fulfilling the role as the anchor tenant to help bring natural gas to Eastern NC for the first time. Increasing the supply of natural gas means North Carolina can generate power with a cleaner fuel, improving the state's air quality. It also provides a reliable energy source for the state to continue growing renewables.

In addition, we carefully evaluated each response to the RFP we issued in 2014, including buying capacity where we wouldn't be an owner. Hands down, the ACP was the most cost-effective choice for our customers.

**5. Who has agreed to purchase the capacity not being used to generate energy?**

Piedmont Natural Gas, Public Service of North Carolina and Virginia Natural Gas have agreed to purchase the capacity.

Increasing the supply to Piedmont Natural Gas means the utility will be better positioned to support North Carolina's growth and be able to deliver natural gas to new homes and businesses.

**6. How many users that have agreed to purchase non-energy producing power serve people in NC?**

Piedmont Natural Gas and Public Service of North Carolina will deliver ACP gas to their residential, commercial, and industrial customers in NC. Piedmont Natural Gas is also the wholesale natural gas supplier to several municipal gas distribution systems such as Rocky Mount Public Utilities.

In addition, a new source of natural gas also brings with it the opportunity to enable major manufacturing to locate in the eastern part of the state – something not possible when having to transport gas across the state from a supply west of Charlotte that is nearly fully tapped with existing customers.

**7. Where will the ACP terminate?**

The line will terminate near Pembroke in Robeson County where it will interconnect with the Piedmont Natural Gas system.

**8. Why was SC added late in the process?**

Although economic developers and utilities in South Carolina have voiced the need for new infrastructure to expand access to natural gas across the state, no decision has been made about a potential expansion beyond what has been filed with the Federal Energy Regulatory Commission (FERC). The pipeline could in the future be extended but that would only occur if there was a demonstrated market need. Any potential expansion would have to go through a full and separate regulatory review process. It would be a new project with its own assessment of public need and its own environmental review. For comparison, it has taken more than three years for the ACP to get where it is today.

**9. How many short-term jobs will be created in NC and what is the methodology used to determine this estimate?**

Overall, ACP will have an enormous economic impact on the state, both during construction and operation. Construction jobs and related spending are only the tip of the iceberg. Long term, the infrastructure enhances the state's ability to attract industry, manufacturing and new businesses, which can lead to higher paying jobs, increased local spending and a better quality of life.

The two-year construction process alone will stimulate almost \$700 million in economic activity and create more than 4,000 jobs across eastern North Carolina. And these aren't just any jobs – they are good-paying jobs that can provide a real future for working families in these communities. Welders, pipefitters and equipment operators are only a few of the types of jobs this project will need. Construction will also generate lucrative opportunities for many local vendors, suppliers and subcontractors leading to hundreds of millions of dollars over a two-year period. In addition, the pipeline company will need to enlist the services of local equipment and concrete suppliers, fencing and trucking companies, vehicle services and hydraulics shops.

*Specifics:* It is estimated that 4,426 jobs will be created and supported in NC during construction. This includes direct (2,582), indirect (812), and induced (1,032). (Chmura Economics & Analysis)

**10. How many long-term jobs will be created in NC and what is the methodology used to determine this estimate?**

It is impossible to project the number of jobs that will result from the successful recruitment of energy intensive businesses to Eastern NC as a result of ACP, but economic developers from the region express great confidence that their efforts will bear significant fruit. Confidential discussions are already underway with potential prospects that would not be interested in expansion into Eastern North Carolina without the presence of a major natural gas source.

In addition, ICF International, utilizing the widely used IMPLAN model, estimates that the local economic activity resulting from consumer savings being spent on other priorities will support 925 jobs in NC.

**11. Will the ACP commit to providing customers in NC the ability to tap into the pipeline to access product for their use?**

Yes, under Federal Energy Regulatory Commission rules ACP will be a common carrier available to all shippers and customers to the extent capacity is available.

**12. What would be the process and cost of tapping into the pipeline?**

The main way customers will receive gas from ACP is through the gas utility companies, which will distribute the gas through their networks. However, in a case where a very large customer, or group of customers, would be best served by a direct connection, ACP has developed a "tap policy" which sets out the process and terms of tapping into the line. A tap with a Metering and Regulating station (M&R) can cost \$3 million to \$5 million, or more in some cases. However, based on the volume of gas being taken by the customer/s, ACP would likely enter into an arrangement under which it would cover a portion of those costs.

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